

February 6, 2023

The Honorable Dan Kerschen, Chairperson  
Senate Committee on Agriculture and Natural Resources  
300 SW 10th Avenue, Room 144-S  
Topeka, Kansas 66612

Dear Senator Kerschen:

**SUBJECT:** Fiscal Note for SB 120 by Senate Committee on Agriculture and Natural Resources

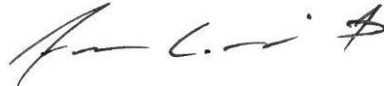
In accordance with KSA 75-3715a, the following fiscal note concerning SB 120 is respectfully submitted to your committee.

SB 120 would authorize the Kansas Department of Health and Environment to establish a rules and regulations for a certification program for certain public water supply systems to review and approve waterline replacement projects. Current related authority is only for extensions of distribution systems. The bill would also extend the maximum repayment period from 20 years to 30 years for loans from the Kansas Water Pollution Control Revolving Loan Fund that are initiated after July 1, 2023.

According to the Kansas Department of Health and Environment, enactment of SB 120 would result in higher revenues for loans paid over 30 years instead of 20 years because service fees are paid every six months based on the outstanding balance of the loan. The agency states that delegation of waterline project review and approval would lessen the plan review load on existing staff and could help expedite some projects. An exact fiscal effect could not be estimated. The Kansas Water Office indicates the bill would not have a fiscal effect on agency operations. Any fiscal effect associated with SB 120 is not reflected in *The FY 2024 Governor's Budget Report*.

The Kansas League of Municipalities states that enactment of the bill could increase the amount of interest a municipality would pay, however, the increased timeframe to repay a revolving loan could provide additional funding for cities to use on other priorities.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt  
Director of the Budget

cc: Amy Penrod, Department of Health & Environment  
Debra Jones, Kansas Water Office  
Wendi Stark, League of Kansas Municipalities